



United States
Department of
Agriculture

Food and
Consumer
Service

Mountain
Plains
Region

1244 Speer Blvd., Suite 903
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SEP 11 1996

Reply to
Attn of: SP 96-19

Subject: Foods of Minimal Nutritional Value (FMNV) and Nonprofit School Food Service Funds in the National School Lunch Program (NSLP) and School Breakfast Program (SBP)

To: STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri ED,
(Child Nutrition Programs) Montana OPI, Nebraska ED, North Dakota,
South Dakota, Utah and Wyoming ED

This memorandum reissues and clarifies existing policy prohibiting the purchase of FMNV with nonprofit school food service account (NPSFSA) funds. These foods are enumerated in Appendix B of Part 210.11 of the NSLP Regulations, and Part 220.12 of the SBP Regulations. FMNV include products such as soda waters (including carbonated beverages), water ices, chewing gum and some candies. In order to ensure that our policy is uniformly implemented, we would like to restate our position regarding the sale, service and purchase of competitive foods and FMNV. This policy is consistent with our memorandum SP 94-C-6, issued November 8, 1993.

The sale of competitive foods, that is, any foods sold in competition with the Program to children in food service areas during the meal periods, may be allowed only if all income from the sale of such foods accrues to the benefit of the NPSFSA or the school or student organizations approved by the school. In addition, NSLP and SBP regulations prohibit the sale of FMNV in the food service areas during meal periods.

Costs charged to the NPSFSA must be both necessary and reasonable. The costs of FMNV are not necessary or reasonable when these foods are purchased for service in the food service areas during meal periods. However, it is not our intent to disallow the costs of minor quantities of foods of minimal nutritional value which are used in the preparation of items served in conjunction with Program meals, e.g., certain candy products used to decorate cakes.

The NPSFSA may be used to purchase FMNV in those circumstances where the foods will be sold outside the meal periods and/or outside the food service areas during meal periods. However, under no circumstances may NPSFSA funds be used to support or subsidize the purchase of FMNV. That is, the income from FMNV

must be equal to or greater than the purchase price plus all other expenses associated with selling such foods when these expenses are charged to the NPSFSA. In addition, NPSFSA funds may not be used to support in any way the service or distribution of FMNV which have been donated or purchased with other funds.

Please provide school food authorities with the information necessary to enable them to comply with these requirements. Please contact our office if you have any questions.

for Edward F. Campbell
ANN C. DEGROAT
Regional Director
Child Nutrition Programs